

AMENDED IN SENATE JULY 12, 2011

AMENDED IN ASSEMBLY APRIL 6, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 560

**Introduced by Assembly Member Gorell
(Principal coauthor: Assembly Member Gatto)**

February 16, 2011

An act to amend Section 16101 of the Corporations Code, relating to partnerships.

LEGISLATIVE COUNSEL'S DIGEST

AB 560, as amended, Gorell. Professional limited liability partnerships.

Existing law, until January 1, 2012, provides for the organization and governance of a professional limited liability partnership for the practice of architecture.

This bill would extend the operation of those provisions ~~indefinitely~~ *until January 1, 2019*.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 16101 of the Corporations Code, as
- 2 amended by Section 5 of Chapter 634 of the Statutes of 2010, is
- 3 amended to read:
- 4 16101. As used in this chapter, the following terms and phrases
- 5 have the following meanings:

1 (1) “Business” includes every trade, occupation, and profession.

2 (2) “Debtor in bankruptcy” means a person who is the subject
3 of either of the following:

4 (A) An order for relief under Title 11 of the United States Code
5 or a comparable order under a successor statute of general
6 application.

7 (B) A comparable order under federal, state, or foreign law
8 governing insolvency.

9 (3) “Distribution” means a transfer of money or other property
10 from a partnership to a partner in the partner’s capacity as a partner
11 or to the partner’s transferee.

12 (4) “Electronic transmission by the partnership” means a
13 communication (a) delivered by (1) facsimile telecommunication
14 or electronic mail when directed to the facsimile number or
15 electronic mail address, respectively, for that recipient on record
16 with the partnership, (2) posting on an electronic message board
17 or network that the partnership has designated for those
18 communications, together with a separate notice to the recipient
19 of the posting, which transmission shall be validly delivered upon
20 the later of the posting or delivery of the separate notice thereof,
21 or (3) other means of electronic communication, (b) to a recipient
22 who has provided an unrevoked consent to the use of those means
23 of transmission, and (c) that creates a record that is capable of
24 retention, retrieval, and review, and that may thereafter be rendered
25 into clearly legible tangible form. However, an electronic
26 transmission by a partnership to an individual partner is not
27 authorized unless, in addition to satisfying the requirements of this
28 section, the transmission satisfies the requirements applicable to
29 consumer consent to electronic records as set forth in the Electronic
30 Signatures in Global and National Commerce Act (15 U.S.C. Sec.
31 7001(c)(1)).

32 (5) “Electronic transmission to the partnership” means a
33 communication (a) delivered by (1) facsimile telecommunication
34 or electronic mail when directed to the facsimile number or
35 electronic mail address, respectively, which the partnership has
36 provided from time to time to partners for sending communications
37 to the partnership, (2) posting on an electronic message board or
38 network that the partnership has designated for those
39 communications, and which transmission shall be validly delivered
40 upon the posting, or (3) other means of electronic communication,

1 (b) as to which the partnership has placed in effect reasonable
2 measures to verify that the sender is the partner (in person or by
3 proxy) purporting to send the transmission, and (c) that creates a
4 record that is capable of retention, retrieval, and review, and that
5 may thereafter be rendered into clearly legible tangible form.

6 (6) (A) “Foreign limited liability partnership” means a
7 partnership, other than a limited partnership, formed pursuant to
8 an agreement governed by the laws of another jurisdiction and
9 denominated or registered as a limited liability partnership or
10 registered limited liability partnership under the laws of that
11 jurisdiction (i) in which each partner is a licensed person or a
12 person licensed or authorized to provide professional limited
13 liability partnership services in a jurisdiction or jurisdictions other
14 than this state, (ii) which is licensed under the laws of the state to
15 engage in the practice of architecture, the practice of public
16 accountancy, the practice of engineering, the practice of land
17 surveying, or the practice of law, or (iii) which (I) is related to a
18 registered limited liability partnership that practices public
19 accountancy or, to the extent permitted by the State Bar, practices
20 law or is related to a foreign limited liability partnership and (II)
21 provides services related or complementary to the professional
22 limited liability partnership services provided by, or provides
23 services or facilities to, that registered limited liability partnership
24 or foreign limited liability partnership.

25 (B) For the purposes of clause (iii) of subparagraph (A), a
26 partnership is related to a registered limited liability partnership
27 or foreign limited liability partnership if (i) at least a majority of
28 the partners in one partnership are also partners in the other
29 partnership, or (ii) at least a majority in interest in each partnership
30 hold interests in or are members of another person, except an
31 individual, and each partnership renders services pursuant to an
32 agreement with that other person, or (iii) one partnership, directly
33 or indirectly through one or more intermediaries, controls, is
34 controlled by, or is under common control with, the other
35 partnership.

36 (7) “Licensed person” means any person who is duly licensed,
37 authorized, or registered under the provisions of the Business and
38 Professions Code to provide professional limited liability
39 partnership services or who is lawfully able to render professional
40 limited liability partnership services in this state.

(8) (A) “Registered limited liability partnership” means a partnership, other than a limited partnership, formed pursuant to an agreement governed by Article 10 (commencing with Section 16951), that is registered under Section 16953 and (i) each of the partners of which is a licensed person or a person licensed or authorized to provide professional limited liability partnership services in a jurisdiction or jurisdictions other than this state, (ii) is licensed under the laws of the state to engage in the practice of architecture, the practice of public accountancy, the practice of engineering, the practice of land surveying, or the practice of law, or (iii)(I) is related to a registered limited liability partnership that practices public accountancy or, to the extent permitted by the State Bar, practices law or is related to a foreign limited liability partnership and (II) provides services related or complementary to the professional limited liability partnership services provided by, or provides services or facilities to, that registered limited liability partnership or foreign limited liability partnership.

(B) For the purposes of clause (iii) of subparagraph (A), a partnership is related to a registered limited liability partnership or foreign limited liability partnership if (i) at least a majority of the partners in one partnership are also partners in the other partnership, or (ii) at least a majority in interest in each partnership hold interests in or are members of another person, other than an individual, and each partnership renders services pursuant to an agreement with that other person, or (iii) one partnership, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the other partnership.

(9) “Partnership” means an association of two or more persons to carry on as coowners a business for profit formed under Section 16202, predecessor law, or comparable law of another jurisdiction, and includes, for all purposes of the laws of this state, a registered limited liability partnership, and excludes any partnership formed under Chapter 2 (commencing with Section 15501), Chapter 3 (commencing with Section 15611), or Chapter 5.5 (commencing with Section 15900).

(10) “Partnership agreement” means the agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

1 (11) “Partnership at will” means a partnership in which the
2 partners have not agreed to remain partners until the expiration of
3 a definite term or the completion of a particular undertaking.

4 (12) “Partnership interest” or “partner’s interest in the
5 partnership” means all of a partner’s interests in the partnership,
6 including the partner’s transferable interest and all management
7 and other rights.

8 (13) “Person” means an individual, corporation, business trust,
9 estate, trust, partnership, limited partnership, limited liability
10 partnership, limited liability company, association, joint venture,
11 government, governmental subdivision, agency, or instrumentality,
12 or any other legal or commercial entity.

13 (14) “Professional limited liability partnership services” means
14 the practice of architecture, the practice of public accountancy,
15 the practice of engineering, the practice of land surveying, or the
16 practice of law.

17 (15) “Property” means all property, real, personal, or mixed,
18 tangible or intangible, or any interest therein.

19 (16) “State” means a state of the United States, the District of
20 Columbia, the Commonwealth of Puerto Rico, or any territory or
21 insular possession subject to the jurisdiction of the United States.

22 (17) “Statement” means a statement of partnership authority
23 under Section 16303, a statement of denial under Section 16304,
24 a statement of dissociation under Section 16704, a statement of
25 dissolution under Section 16805, a statement of conversion or a
26 certificate of conversion under Section 16906, a statement of
27 merger under Section 16915, or an amendment or cancellation of
28 any of the foregoing.

29 (18) “Transfer” includes an assignment, conveyance, lease,
30 mortgage, deed, and encumbrance.

31 *(19) The inclusion of the practice of architecture as a*
32 *professional limited liability partnership service permitted by this*
33 *section shall extend only until January 1, 2016.*

34 ~~(19)~~
35 (20) This section shall remain in effect only until January 1,
36 2016, and as of that date is repealed, unless a later enacted statute,
37 that is enacted before January 1, 2016, deletes or extends that date.

38 SEC. 2. Section 16101 of the Corporations Code, as added by
39 Section 6 of Chapter 634 of the Statutes of 2010, is amended to
40 read:

1 16101. As used in this chapter, the following terms and phrases
2 have the following meanings:

3 (1) “Business” includes every trade, occupation, and profession.

4 (2) “Debtor in bankruptcy” means a person who is the subject
5 of either of the following:

6 (A) An order for relief under Title 11 of the United States Code
7 or a comparable order under a successor statute of general
8 application.

9 (B) A comparable order under federal, state, or foreign law
10 governing insolvency.

11 (3) “Distribution” means a transfer of money or other property
12 from a partnership to a partner in the partner’s capacity as a partner
13 or to the partner’s transferee.

14 (4) “Electronic transmission by the partnership” means a
15 communication (a) delivered by (1) facsimile telecommunication
16 or electronic mail when directed to the facsimile number or
17 electronic mail address, respectively, for that recipient on record
18 with the partnership, (2) posting on an electronic message board
19 or network that the partnership has designated for those
20 communications, together with a separate notice to the recipient
21 of the posting, which transmission shall be validly delivered upon
22 the later of the posting or delivery of the separate notice thereof,
23 or (3) other means of electronic communication, (b) to a recipient
24 who has provided an unrevoked consent to the use of those means
25 of transmission, and (c) that creates a record that is capable of
26 retention, retrieval, and review, and that may thereafter be rendered
27 into clearly legible tangible form. However, an electronic
28 transmission by a partnership to an individual partner is not
29 authorized unless, in addition to satisfying the requirements of this
30 section, the transmission satisfies the requirements applicable to
31 consumer consent to electronic records as set forth in the Electronic
32 Signatures in Global and National Commerce Act (15 U.S.C. Sec.
33 7001(c)(1)).

34 (5) “Electronic transmission to the partnership” means a
35 communication (a) delivered by (1) facsimile telecommunication
36 or electronic mail when directed to the facsimile number or
37 electronic mail address, respectively, which the partnership has
38 provided from time to time to partners for sending communications
39 to the partnership, (2) posting on an electronic message board or
40 network that the partnership has designated for those

1 communications, and which transmission shall be validly delivered
2 upon the posting, or (3) other means of electronic communication,
3 (b) as to which the partnership has placed in effect reasonable
4 measures to verify that the sender is the partner (in person or by
5 proxy) purporting to send the transmission, and (c) that creates a
6 record that is capable of retention, retrieval, and review, and that
7 may thereafter be rendered into clearly legible tangible form.

8 (6) (A) “Foreign limited liability partnership” means a
9 partnership, other than a limited partnership, formed pursuant to
10 an agreement governed by the laws of another jurisdiction and
11 denominated or registered as a limited liability partnership or
12 registered limited liability partnership under the laws of that
13 jurisdiction (i) in which each partner is a licensed person or a
14 person licensed or authorized to provide professional limited
15 liability partnership services in a jurisdiction or jurisdictions other
16 than this state, (ii) which is licensed under the laws of the state to
17 engage in the practice of architecture, the practice of public
18 accountancy, or the practice of law, or (iii) which (I) is related to
19 a registered limited liability partnership that practices public
20 accountancy or, to the extent permitted by the State Bar, practices
21 law or is related to a foreign limited liability partnership and (II)
22 provides services related or complementary to the professional
23 limited liability partnership services provided by, or provides
24 services or facilities to, that registered limited liability partnership
25 or foreign limited liability partnership.

26 (B) For the purposes of clause (iii) of subparagraph (A), a
27 partnership is related to a registered limited liability partnership
28 or foreign limited liability partnership if (i) at least a majority of
29 the partners in one partnership are also partners in the other
30 partnership, or (ii) at least a majority in interest in each partnership
31 hold interests in or are members of another person, except an
32 individual, and each partnership renders services pursuant to an
33 agreement with that other person, or (iii) one partnership, directly
34 or indirectly through one or more intermediaries, controls, is
35 controlled by, or is under common control with, the other
36 partnership.

37 (7) “Licensed person” means any person who is duly licensed,
38 authorized, or registered under the provisions of the Business and
39 Professions Code to provide professional limited liability

1 partnership services or who is lawfully able to render professional
2 limited liability partnership services in this state.

3 (8) (A) “Registered limited liability partnership” means a
4 partnership, other than a limited partnership, formed pursuant to
5 an agreement governed by Article 10 (commencing with Section
6 16951), that is registered under Section 16953 and (i) each of the
7 partners of which is a licensed person or a person licensed or
8 authorized to provide professional limited liability partnership
9 services in a jurisdiction or jurisdictions other than this state, (ii)
10 is licensed under the laws of the state to engage in the practice of
11 architecture, practice of public accountancy, or the practice of law,
12 or (iii)(I) is related to a registered limited liability partnership that
13 practices public accountancy or, to the extent permitted by the
14 State Bar, practices law or is related to a foreign limited liability
15 partnership and (II) provides services related or complementary
16 to the professional limited liability partnership services provided
17 by, or provides services or facilities to, that registered limited
18 liability partnership or foreign limited liability partnership.

19 (B) For the purposes of clause (iii) of subparagraph (A), a
20 partnership is related to a registered limited liability partnership
21 or foreign limited liability partnership if (i) at least a majority of
22 the partners in one partnership are also partners in the other
23 partnership, or (ii) at least a majority in interest in each partnership
24 hold interests in or are members of another person, other than an
25 individual, and each partnership renders services pursuant to an
26 agreement with that other person, or (iii) one partnership, directly
27 or indirectly through one or more intermediaries, controls, is
28 controlled by, or is under common control with, the other
29 partnership.

30 (9) “Partnership” means an association of two or more persons
31 to carry on as coowners a business for profit formed under Section
32 16202, predecessor law, or comparable law of another jurisdiction,
33 and includes, for all purposes of the laws of this state, a registered
34 limited liability partnership, and excludes any partnership formed
35 under Chapter 2 (commencing with Section 15501), Chapter 3
36 (commencing with Section 15611), or Chapter 5.5 (commencing
37 with Section 15900).

38 (10) “Partnership agreement” means the agreement, whether
39 written, oral, or implied, among the partners concerning the
40 partnership, including amendments to the partnership agreement.

1 (11) “Partnership at will” means a partnership in which the
2 partners have not agreed to remain partners until the expiration of
3 a definite term or the completion of a particular undertaking.

4 (12) “Partnership interest” or “partner’s interest in the
5 partnership” means all of a partner’s interests in the partnership,
6 including the partner’s transferable interest and all management
7 and other rights.

8 (13) “Person” means an individual, corporation, business trust,
9 estate, trust, partnership, limited partnership, limited liability
10 partnership, limited liability company, association, joint venture,
11 government, governmental subdivision, agency, or instrumentality,
12 or any other legal or commercial entity.

13 (14) “Professional limited liability partnership services” means
14 the practice of architecture, the practice of public accountancy, or
15 the practice of law.

16 (15) “Property” means all property, real, personal, or mixed,
17 tangible or intangible, or any interest therein.

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19 Columbia, the Commonwealth of Puerto Rico, or any territory or
20 insular possession subject to the jurisdiction of the United States.

21 (17) “Statement” means a statement of partnership authority
22 under Section 16303, a statement of denial under Section 16304,
23 a statement of dissociation under Section 16704, a statement of
24 dissolution under Section 16805, a statement of conversion or a
25 certificate of conversion under Section 16906, a statement of
26 merger under Section 16915, or an amendment or cancellation of
27 any of the foregoing.

28 (18) “Transfer” includes an assignment, conveyance, lease,
29 mortgage, deed, and encumbrance.

30 (19) *The inclusion of the practice of architecture as a*
31 *professional limited liability partnership service permitted by this*
32 *section shall extend only until January 1, 2019.*

33 ~~(19)~~

34 (20) This section shall become operative on January 1, 2016.